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RUEATRS/DEPT OF TREASURY WASHDC
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STATE FOR WHA/BSC, INL, AND EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD
NAIROBI FOR MICHAEL FITZPATRICK

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [PINR](#) [PHUM](#) [PARM](#) [ENRG](#) [MCAP](#) [MNUC](#) [PA](#)
SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, MAY 7-13,
2006

REF: ASUNCION 0479

1. SUMMARY:

- Paraguay Signs \$35 Million Threshold Program
- VP Hosts Conference on Nuclear Security
- Another Patria Libre Member Captured
- Ambassador Attends Book Fair

Paraguay Signs \$35 Million Threshold Program

1.2. (U) On May 8, President Duarte, Millennium Challenge Corporation Board Member Kenneth Hackett, and USAID Assistant Administrator Adolfo Franco signed an agreement outlining the terms for a \$35 million MCA program with Paraguay. The program will span 10 activities focusing on combating impunity and informality. Paraguay will have two years to implement the program and satisfy a wide range of performance indicators before qualifying to be considered for a MCA compact. Hackett, Franco, and Paraguayan Senior Advisor to the President Carlos Walde met later in the day with members from the NGO and business community on the TCP Advisory Council who conveyed eagerness to assume their important role in making the TCP program a success.

VP Hosts Conference on Nuclear Security

1.3. (U) On May 10, Vice-President Castiglioni hosted speakers from the International Atomic Energy Agency (IAEA) in Asuncion for presentations on Nuclear Security and the need for Paraguay to develop an integrated nuclear security plan. Peter Colgan, the representative from the IAEA's office of Nuclear Security and Sophia Miaw also from IAEA in Vienna were presenters at the conference. The one-day conference allowed senior Ministers, military personnel, and foreign embassies, as well as members from non-governmental organizations to better understand Paraguay's role as a

transshipment country of nuclear materials and weaponry and its need for a national plan on nuclear security. Several key ministers such as Defense Minister Roberto Gonzalez, Minister of Interior Rogelio Benitez, and Police Commander Fidel Isasa were in attendance along with high-ranking military and police officials. Following the senior-level conference, technical experts gathered to develop Paraguay's plan for nuclear security with assistance from the IAEA experts.

Another Patria Libre Member Captured

¶4. (U) On 5/8, Gustavo Lezcano Espinola, a member of the Patria Libre (Free Fatherland) Party (PPL), wanted in connection to the Cecilia Cubas kidnapping and murder, was arrested by Argentine authorities. Lezcano is the sixth PPL member detained by Argentine after fleeing investigation in Paraguay in hopes gaining refugee status from the government of Argentina. On 5/2, five other members were arrested in Argentina. Paraguayan authorities are still seeking to apprehend Blas Franco and Angel Acosta Gonzalez, both also under investigation for involvement in the Cubas Case. (reftel)

Ambassador Attends Book Fair

¶5. (U) On May 10, the Ambassador joined Governor Enzo Cardozo Jimenez in the City of Coronel Oviedo, located in the Caaguazu Department approximately 85 miles east of Asuncion, for the Third Annual Caaguazu Book Fair. The Ambassador

discussed with the participants the benefits of learning English and promoted the possibility of scholarship opportunities offered by the US Embassy. Special attention was drawn to a new pilot English micro-scholarship pilot project that was launched this week by the PD section to reach out to their community. On May 9, a PD officer and an FSN attended the fair and presented a paper show on children's books as well as discussed Fulbright and other scholarship opportunities.

JOHNSON